An Information Service of the Division of Medical Assistance

North Carolina

Medicaid Pharmacy

Newsletter

Number 99 *January 1, 2001*

In This Issue...

Published by EDS, fiscal agent for the North Carolina Medicaid Program
1-800-688-6696 or 919-851-8888

DEA Numbers Required on All Pharmacy Claims

The Division of Medical Assistance (DMA) has required the DEA number on pharmacy claims instead of the UPIN since May 1, 2000. Some pharmacy providers are still submitting invalid DEA numbers, bogus DEA numbers, outdated DEA numbers, placing the physician's name in the DEA field, or utilizing the "old" UPIN number when submitting their claims. All of the examples listed above are unacceptable. Some providers we have been in contact with have informed us that the problem has been with their software vendors still submitting the UPIN instead of the DEA numbers. We encourage you to contact your software vendor and verify that the DEA number is being submitted and not the UPIN. Each pharmacy provider that failed the DEA edit would experience a loss of thousands of dollars in payment and hundreds of dollars in processing fees until the correct DEA is submitted. This is one of the requirements for participation in the pharmacy program and failure to adhere to this requirement could lead to dismissal from the program.

Changes in Drug Rebate Manufacturers

The following changes are being made in manufacturers with drug rebate agreements. They are listed by Manufacturer code, the first five digits of the NDC.

Additions

The following labeler has entered into a drug rebate agreement and joined the drug rebate program effective on the date indicated below:

Code	*Manufacturer*	*Date*
54643	Baxter Healthcare Corp.	11/17/2000

North Carolina Medicaid Pharmacies Can Not Bill for Services Provided By a Non-Enrolled Provider

North Carolina Medicaid pharmacy providers are not allowed to bill for services they did not provide or for services provided by a non-enrolled provider. The Medicaid pharmacy program reimburses only for prescriptions dispensed by North Carolina providers to North Carolina recipients, with very few exceptions.

Holiday Observance

The Division of Medical Assistance (DMA) and EDS will be closed on Monday, January 1, 2001 in observance of New Years Day, and on Monday, January 15, 2001 in observance of Martin Luther King's Birthday.

MAC Changes

The following Medicaid Drug Federal Upper Limit changes were effective December 8, 2000:

Deletions

Generic Name

Albuterol
0.09mg/Inh, Aerosol, Metered, Inhalation, 17gm

Thiothixene Hydrochloride
Eq 5mg Base/ml, Concentrate, Oral, 120ml

Price Changes

Generic Name	*Price*
Acetazolamide	
125mg, Tablet, Oral, 100	0.0760 B
Haloperidol	
5mg, Tablet, Oral, 100	0.0570 R
Meclizine Hydrochloride	
12.5mg, Tablet, Oral, 100	0.0370 B
Oxazepam	
30mg, Capsule, Oral, 100	1.1200 B

Renovation of the MMIS System – Identification Tracking Measurement Enhancement (ITME) Project

The Division of Medical Assistance (DMA) is upgrading and enhancing the Medicaid Management Information System (MMIS). The goals of the renovation are:

- more efficient claims processing
- improved flexibility to administer special programs and experiment with new methods for program oversight
- begin use of web-based technologies

The enhancements will include minimal changes to the Remittance and Status Advice (RA), submission of adjustment requests, and voice response and eligibility verification systems.

Changes to the following parts are detailed in the Provider Impact section of this article.

Part I - Remittance and Status Advice
Part II - Adjustment Requests – NEW FORM
Part III - Automated Voice Response (AVR) System and Eligibility Verification System (EVS)

Implementation Schedule

The implementation of system changes for the ITME project is February 9, 2001. The RA will reflect the changes noted in Part I beginning February 9, 2001. Part II reflects the new N.C. Medicaid adjustment form. Use of this form is required as of February 9, 2001. Part III addresses changes to the AVR System and EVS resulting from this enhancement.

Provider Impact
Part I: Remittance and Status Advice (RA) - See Example 1

RA modifications/format changes will be kept to only those that are necessary in conjunction with the ITME project. Overall, the RA will look very similar to the current format. Please note the format changes on the RA sample following this article (Example 1).

Addition of Financial Payer Code
A financial payer code follows the claim internal control number (ICN) in the first line of the claim data reflected on the RA. This financial payer code denotes the entity responsible for payment of the claims listed on the RA. Upon implementation, N.C. Medicaid will be the only financially responsible payer; therefore, the N.C. Medicaid payer code of NCXIX (five characters) will be reflected.

Addition of Population Group Payer Code
The RA reflects the population payer code for each claim detail. The population payer code is printed at the beginning of each claim detail line on the RA. The population payer code denotes the special program/population group from which a recipient is receiving Medicaid benefits. Examples of population payer codes are as follows:

Code	Name	Description
CA-I	Carolina ACCESS	All recipients enrolled in Medicaid's Carolina ACCESS program
CA-II	ACCESS II	All recipients enrolled in Medicaid's ACCESS II program
CAB	ACCESS III – Cabarrus County	All recipients enrolled in Medicaid's ACCESS III program for Cabarrus County
PITT	ACCESS III – Pitt County	All recipients enrolled in Medicaid's ACCESS III program for Pitt County
HMOM	Health Management Organization (HMO)	All recipients enrolled in Medicaid's HMO program
NCXIX	Medicaid	All recipients not enrolled in any of the above noted population payer programs. Any recipient not identified with Carolina ACCESS, ACCESS II, ACCESS III, or HMO will be assigned the NCXIX population payer code to identify them with the Medicaid fee-for-service program.

Other population payers may be designated by DMA in the future.

Addition of new totals following the current claim total line

An additional line is added following each claim total line of the paid and denied claim sections of the RA for the following claim types: Medical (J), Dental (K), Home Health, Hospice and Personal Care (Q), Medical Vendor (P), Outpatient (M), and Professional Crossover (O). This additional line reflects original claim billed amount, original claim detail count, and total number of financial payers. Upon implementation February, 2001, N.C. Medicaid will be the only financial payer; these new totals will reflect the submitted claim totals.

These additional totals do not appear for claim types Drug (D), Inpatient (S), Nursing Home (T), and Medicare Crossover (W) since they are not processed at the claim detail level and will not have multiple financial payers assigned, based on current N.C. Medicaid billing policy.

Addition of a new summary page at end of RA

For each Medicaid population payer identified on the paper RA, a new summary page showing total payments by population payer is provided at the end of the RA. This provides population payer detail information for tracking and informational purposes.

New specifications for Tape RA

Updated specifications have been mailed to all Tape RA Providers. If you are currently receiving a Tape RA and have not received the updated specifications, or have questions regarding the changes, please contact Glenda Raynor, Manager of EDS Electronic Commerce Services, at 919-851-8888 extension 5-3099.

Part II: Adjustment Requests – NEW FORM (Example 2)

The N.C. Medicaid program will begin using a new RA format in February 2001. This new format affects the way adjustment request forms are completed by the provider and processed by EDS. The appropriate "financial payer" information found on the new RA will be required on all adjustment request forms after February 9, 2001. DMA and EDS implemented a new pharmacy adjustment request form in June 2000 to help with these changes. One of the predominant changes is in the "claim number" field. This area is now identified with twenty boxes, each box for one number of the referenced claim number. Until February 9, 2001, there will be five empty boxes at the end of the claim number. After the February 9, 2001 implementation of the MMIS enhancements, these spaces will be used for the financial payer code information. Providers may begin using this new adjustment request form now if it facilitates implementing these changes. (Refer to example of claim field below.) Please contact EDS Provider Services with questions about the new format and processing of an adjustment request.

Claim # field on Adjustment form from RA prior to February 9, 2001:

Claim #:	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#					

Claim # field on Adjustment form from RA after February 9, 2001:

Claim #:	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	N	C	X	I	X

Part III: Automated Voice Response (AVR) System and Eligibility Verification System (EVS)

These systems will be enhanced with new messages that will explain under which special Medicaid program or programs a recipient is enrolled as a participant. Additional information regarding these system enhancements will be provided in subsequent bulletin articles.

NORTH CAROLINA MEDICAID
REMITTANCE AND STATUS REPORT

XYZ CORPORATION
ACCOUNTS RECEIVABLE DEPT
P O BOX 1111
ANYWHERE NC 22222

PROVIDER NUMBER **8900000** REPORT SEQ. NUMBER **21** DATE **10/27/1999** **280767** PAGE **1**

NAME / RECIPIENT ID / POPULATION GROUP	SERVICE DATES FROM (MM DD CCYY)	SERVICE DATES TO (MM DD CCYY)	DAYS OR UNITS	PROCEDURE/ACCOMMODATION/DRUG CODE AND DESCRIPTION	TOTAL BILLED	NON ALLOWED	TOTAL ALLOWED	PAYABLE CUTBACK	PAYABLE CHARGE	OTHER DEDUCTED CHARGES	PAID AMOUNT	EXPLANATION CODES

PAID CLAIMS
DRUG

RECIPIENT ID	LAST NAME	FIRST NAME	M I	SVC DATE	RX NUM	DRUG CODE	DRUG NAME	QTY	CLAIM NUMBER	TOTAL BILLED	TOTAL ALLOWED	CO-PAY	TOTAL PAID	EOB CODE
945777895A	DOE	JOHN	E	####		135396	49884003410 MECLIZINE 2.5 MG	50	091999316030477*NCXIX*	975	703	100	603	903
945777895A	DOE	JOHN	E	####		130927	50111043402 TRAZODONE 100MG	30	051999316060660*NCXIX*	1822	293	100	193	983
946092818A	DOE	JOHN	J	####		120859	62856024530 ARICEPT 5MG TABL	30	051999317002148*NCXIX*	11940	11940	100	11840	73
946092818A	DOE	JOHN	J	####		120858	00536575101 GLYBURIDE 2.5MG	30	051999317002265*NCXIX*	1357	1357	100	1257	904
946092818A	DOE	JOHN	J	####		135501	00025152531 CELEBREX 200MG C	30	051999320007142*NCXIX*	7094	7094	100	6994	99
900260833A	DOE	JANE	M	####		135393	00062047542 RETIN-A 0.025% G	30	051999316030468*NCXIX*	5215	5215	100	5115	903
900260833A	DOE	JANE	M	####		135394	00005487523 ACHROMYCIN V 500	60	051999316030471*NCXIX*	1084	907	100	807	903
***--> TOTAL PAID CLAIMS						7 CLAIMS			1978	00		700		
										29487	27509	27509	26809	

ADJUSTED CLAIMS
DRUG ADJUSTMENT

DOE JANE **CO=00 RCC=** **CLAIM NUMBER=981999311000040***NCXIX* ****ADJ**CREDIT TO 051999293017816***NCXIX*

900301548A **PAID 10281999** **ATTN PROV=** **1107**

10201999 10201999 100 D 38245 **835 27 808 00 808 00 808- 1107**

86 ADJUSTMENT OF CLAIM 101998100300888*NCXIX*

DEDUCTIBLE= .00 PAT LIAB= .00 CO PAY= .00 TPL= .00 *835 27 808 00 808 00 808-*

***--> TOTAL ADJUSTED CLAIMS** **1 CLAIMS** **27** **00**

835 808 808 00 808-

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PROVIDER NUMBER **8900000** REPORT SEQ. NUMBER **21** DATE **10/27/1999** PAGE **280767** **2**

NAME / RECIPIENT ID / POPULATION GROUP	SERVICE DATES FROM (MM DD CCYY)	SERVICE DATES TO (MM DD CCYY)	DAYS OR UNITS	PROCEDURE/ACCOMMODATION/ DRUG CODE AND DESCRIPTION	TOTAL BILLED	NON ALLOWED	TOTAL ALLOWED	PAYABLE CUTBACK	PAYABLE CHARGE	OTHER DEDUCTED CHARGES	PAID AMOUNT	EXPLANATION CODES
DENIED CLAIMS												
DRUG												
900684101A DOE JANE	**L ####**	**791464**	**52544038701**	**HYDROCODONE/APAP**	**20**		**051999314021232** *NCXIX*	**852**	**852**	**00**	**00**	**985**
900684101A DOE JANE	**L ####**	**791462**	**00597001314**	**COMBIVENT INHALE**	**15**		**051993140213340** *NCXIX*	**4053**	**4053**	**00**	**00**	**985**
900684101A DOE JANE	**L ####**	**791464**	**00597001314**	**COMBIVENT INHALE**	**15**		**051999314021508** *NCXIX*	**4053**	**4053**	**00**	**00**	**985**
***--> TOTAL DENIED POS CLAIMS			**3 CLAIMS**									
CLAIMS IN PROCESS - THESE CLAIMS ARE BEING PROCESSED AS LISTED												
DRUGS												
901428771A DOE JANE	**A**	**1999**	**750962**	**00990000000 COMPOUND PRESCRI**	**240**		**301999271013710** *NCXIX*	**2216**				**101**
901498193A DOE JANE	**S**	**####**	**723437**	**00990000000 COMPOUND PRESCRI**	**240**		**301999277013450** *NCXIX*	**1354**				**101**
945196942A DOE JOHN	**E**	**1999**	**754313**	**00990000000 COMPOUND PRESCRI**	**240**		**301999277012500** *NCXIX*	**2398**				**101**
***--> TOTAL PENDING CLAIMS			**3 CLAIMS**			**5968**						

FINANCIAL ITEMS: ADJUSTMENTS (PRINCIPAL, PENALTY, INTEREST), REFUND, PAYOUT ACTIVITY

RECIPIENT NAME/ RECIPIENT ID	FROM DOS/ TXN DATES	ADJUSTMENT ICN/ ORIGINAL CCN	TRANSFER CN	% W/H / ADJUSTMENT % W/H <100%	PROVIDER TXF IND	ORIGINAL/ TRANSFER AMOUNT (A)	FROM PRIOR CYCLE (B)	AMOUNT COLLECTED (C)	WRITE-OFF AMOUNT (D)	ENDING BALANCE (B-C-D=E) (E)	EOB
ADJUSTMENTS											
NEGATIVE											
PRINCIPAL											
DOE, JOHN	**10/22/1999**	**981999311000255** *NCXIX*			**N**	**2786**	**2786**	**2786**	**00**	**00**	**0112**
900177745A	**11/13/1999**	**1999317753284** *NCXIX*									
				SUB TOTAL:		**2786**	**2786**	**2786**	**00**	**00**	
				TOTAL PPI:		**2786**	**2786**	**2786**	**00**	**00**	

(TOTAL OF COLUMN C FOR PRINCIPAL, PENALTY, AND INTEREST = WITHHELD AMOUNT ON CLAIMS PAYMENT SUMMARY PAGE)

TOTAL FINANCIAL ITEMS **1** ********

NORTH CAROLINA MEDICAID
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ACCOUNTS RECEIVABLE DEPT
P O BOX 1111
ANYWHERE NC 22222

280767

PROVIDER NUMBER **8900000** REPORT SEQ. NUMBER **21** DATE **10/27/1999** PAGE **3**

NAME / RECIPIENT ID / POPULATION GROUP	SERVICE DATES FROM (MM DD CCYY)	SERVICE DATES TO (MM DD CCYY)	DAYS OR UNITS	PROCEDURE/ACCOMMODATION/DRUG CODE AND DESCRIPTION	TOTAL BILLED	NON ALLOWED	TOTAL ALLOWED	PAYABLE CUTBACK	PAYABLE CHARGE	OTHER DEDUCTED CHARGES	PAID AMOUNT	EXPLANATION CODES

CLAIMS PAYMENT SUMMARY **EFT NUMBER 123456**

	CLAIMS PAID	A PAID CLAIMS AMOUNT	B WITHHELD AMOUNT(*)	C NET PAY AMOUNT (A-B)	D CREDIT AMOUNT	E NET 1099 AMOUNT (C-D)	F IRS WITHHELD AMOUNT	G POS & EDI	H OTHER W/H	I ADJUSTED (NET PAY (C-F-G-H)
CURRENT PROCESSED	7	268.09	27.86	240.23	.00	240.23	.00	.00	.00	240.23
YEAR-TO-DATE TOTAL #	98	5661.80	557.20	5104.60	.00	5104.60	.00	.00	.00	5104.60

1099 INFORMATION 1099 - THIS INFORMATION IF BEING FURNISHED TO THE INTERNAL REVENUE SERVICE

PROVIDER TAX ID: 62-2222222 **PROVIDER TAX NAME: XYZ CORPORATION**
PAYER ID: ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC 27622 #75-2548211

PLEASE VERIFY THE FOLLOWING IDENTIFICATION NUMBERS THAT HAVE BEEN ASSIGNED TO YOU. IF ANY OF THE NUMBERS ARE INCORRECT, PLEASE SEND CORRECTIONS TO:

EDS
PO BOX 300009
RALEIGH, NORTH CAROLINA 27622

CLIA - NONE ASSIGNED
UPIN - NONE ASSIGNED

THE FOLLOWING IS A DESCRIPTION OF THE EXPLANATION CODES UTILIZED THROUGHOUT THE REPORT

73 CLAIM PAID COPAYMENT DEDUCTED
99 PAID AS BILLED
101 PENDING NORMAL IN-HOUSE PROCESSING
112 CHECK AMOUNT REDUCED BY RECOUPMENT AMOUNT
903 CLAIM PAID-MAC PRICE ADJUSTED
904 CLAIM PAID-AWP PRICE ADJUSTED
983 REPEAT MEDICATION PROFESSIONAL FEE DENIED
985 EXCEEDS MONTHLY LEGISLATIVE LIMIT FOR PRESCRIPTIONS
1107 POS - PHARMACY INITIATED REVERSAL

*** SPECIAL NOTE: IF YOUR REMITTANCE ADVICE IS TEN PAGES OR MORE AND YOU ARE DUE A PAPER CHECK FOR CLAIMS REIMBURSEMENT, YOUR CHECK WILL BE MAILED IN A SEPARATE ENVELOPE. ***

North Carolina Department of Health and Human Services
2001 Mail Service Center • Raleigh, North Carolina 27699-2001
Tel 919-733-4534 • Fax 919-715-4645 • Courier 56-20-00

James B. Hunt Jr., Governor H. David Bruton, M.D., Secretary

December 1, 2000

Dear Fellow Physicians,

We have been running our Medicaid program on the belief that if we provide our physicians with correct information, they will practice clinically appropriate medicine. We have a problem of rapidly increasing drug costs. This is a complex problem that is not fully understood. Please read the following report summary prepared by Dr. Kenneth Fink, RWJ Clinical Scholar at the University of North Carolina-Chapel Hill.

We must all work together to prove that good clinical medicine is cost effective.

Sincerely,

H. David Bruton, M.D.

A study was recently conducted evaluating the prescription expenditures in North Carolina's Medicaid program. Three continuous years of data from July 1, 1997 through June 30, 2000 were analyzed to identify the factors contributing to the rapidly rising prescription expenditures. In 1998, Medicaid prescription costs totaled $461 million which increased to $748 million in 2000 – a 62% increase. The factors that were evaluated in the study included the number of people enrolled in Medicaid during this period, the length of enrollment, the number of prescriptions written, the costs of the medications, and physicians' prescribing patterns.

Compared to 1998, 2.3% (27,543) more people were served by the Medicaid program in 2000, and the average length of enrollment increased by 5.5% (0.5 months) to 9.6 months. These factors accounted for 14% of the increase in prescription expenditures. In 1998, a patient enrolled in Medicaid for the entire year filled an average of 13.0 prescriptions. This increased to an average of 15.5 prescriptions filled in 2000. This could suggest the physicians were prescribing more frequently. This change accounted for 36% of the increase in prescription expenditures from 1998 to 2000. The total number of patient visits and complexity of visits were measured to potentially explain the apparent rise in prescribing, but the levels remained unchanged or decreased.

The costs of the medications increased during this period. The average price per dose for the twenty drugs with the greatest expenditures increased by about 4.2% annually, or just slightly above the rate of inflation. However, the average cost per prescription increased by 27% from $39 in 1998 to $49 per prescription in 2000. This phenomenon reflects the change in prescribing patterns to favor more expensive drugs (Table 1). For example, the number of tablets dispensed of H_2-blockers (i.e. Zantac and Pepcid) is decreasing while the number of tablets dispensed of proton pump inhibitors (i.e. Prilosec and Prevacid) is increasing. This finding would suggest that physicians are more frequently prescribing proton pump inhibitors as first line therapy. In another example, the selective cyclo-oxygenase-2 inhibitors (i.e. Celebrex and Vioxx) introduced in 1999 have become among the most frequently prescribed medications in 2000. This change in prescribing patterns accounted for 50% ($143 million) of the increase in prescription expenditures. The more expensive medications are often more effective; some have been shown to reduce physician visits and hospitalizations and to improve patients' quality of life. The key factor in this, however, is that the correct medication needs to be prescribed for the right person.

The North Carolina Medicaid program has an open formulary, like all states, as required by the 1990 OBRA legislation. However, North Carolina's program does not restrict its formulary by using strategies such as prior authorization or therapeutic interchange, that are utilized by other states. The manner in which this state's Medicaid prescription program is conducted reflects the state's trust that physicians prescribe appropriately and judiciously. If prescription expenditures continue to increase, the state may need to implement strategies to control costs, which may interfere with physicians' autonomy. Physicians can potentially avoid this by prescribing appropriately and judiciously.

Table 1. Physicians are Prescribing Expensive Drugs More Frequently

	1998 Units / Person*Year of Eligibility	1999 Units / Person*Year of Eligibility	2000 Units / Person*Year of Eligibility
Prilosec	6.5	8.4	9.9
Zyprexa	2.4	3.8	4.6
Risperdal	4.6	5.4	6.6
Prevacid	1.9	3.6	5.9
Celebrex	0.0	1.9	7.0
Claritin	3.5	4.8	5.8
Prozac	3.8	4.2	4.6
Norvasc	4.5	5.5	6.7
Depakote	8.5	10.0	10.9
Paxil	3.5	4.1	4.5
Zoloft	3.6	4.2	4.7
Lipitor	1.4	2.8	4.4
Zantac	9.5	8.5	8.2
Neurontin	3.8	5.9	9.1
Glucophage	5.6	7.8	10.4
Vioxx	0.0	0.0	3.2
Oxycodone	0.8	1.9	3.7
Pepcid	3.8	4.1	3.8
Buspar	4.3	4.5	4.4
Zithromax	0.4	0.5	0.6
Lorazepam	7.0	7.7	8.1
Cipro	1.2	1.2	1.3

1998 Person*Years of Eligibility = 915,873
1999 Person*Years of Eligibility = 931,810
2000 Person*Years of Eligibility = 986,260

Checkwrite Schedule

January 9, 2001	February 6, 2001	March 6, 2001
January 17, 2001	February 13, 2001	March 13, 2001
January 25, 2001	February 22, 2001	March 20, 2001
		March 29, 2001

Electronic Cut-Off Schedule

January 5, 2001	February 2, 2001	March 2, 2001
January 12, 2001	February 9, 2001	March 9, 2001
January 19, 2001	February 16, 2001	March 16, 2001
		March 23, 2001

Electronic claims must be transmitted and completed by 5:00 p.m. on the cut-off date to be included in the next checkwrite. Any claims transmitted after 5:00 p.m. will be processed on the second checkwrite following the transmission date.

Paul R. Perruzzi, Director
Division of Medical Assistance
Department of Health and Human Services

John W. Tsikerdanos
Executive Director
EDS

EDS

P.O. Box 300001
Raleigh, North Carolina 27622

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